

### KEY TAKEAWAYS

**#1 Leisure travel continues to recover**

Tourism spend continues to rise to pre-pandemic levels – growing from last quarter to 92% of pre-pandemic levels. Significant growth has come from international markets, with domestic expenditure just shy of pre-pandemic levels.

**#2 Labour force challenges remain**

The supply side continues a slow return to pre-pandemic levels as unemployment rates improve. The active labour force continues to grow though continues to trail behind pre-pandemic levels. Tourism business growth still lags the Canadian average, with travel services and transportation the hardest hit.

**#3 Canada well-positioned as a travel destination**

US travel confidence is at its highest peak post pandemic, with Canada among the top desired destinations. Canadians are increasingly more open and welcoming to travellers, both domestic and international.

### STATE OF THE INDUSTRY

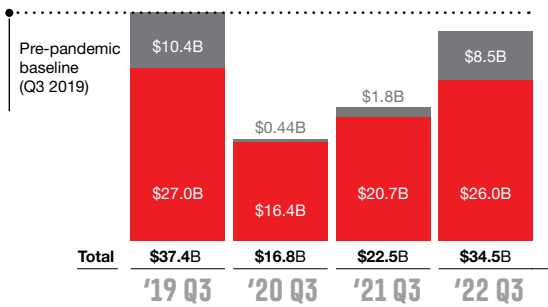
#### Tourism Spend

Source: Statistics Canada, National Tourism Indicators, Q3 2022

Tourism spend progressed to 92% of 2019 levels. Domestic tourism demand was close to pre-pandemic levels. Tourism exports lag domestic travel at 82% of pre-pandemic levels. However this continues to increase year-on-year.

- Domestic
- International
- Overall

Total tourism expenditures in Q3 of each year on Canadian goods and services



	2022 Q1	2022 Q2	2022 Q3
	80%	100%	96%
	37%	68%	82%
	71%	90%	92%

#### Tourism Activity

Source: Statistics Canada, Canadian Tourism Activity Tracker (July 2022) Table 24-10-0049-01 (released March 7, 2023)

With high vaccination rates in Canada and in key international markets, domestic and international tourism activities have made sustained gains since the re-opening of Canada's borders to discretionary travel.

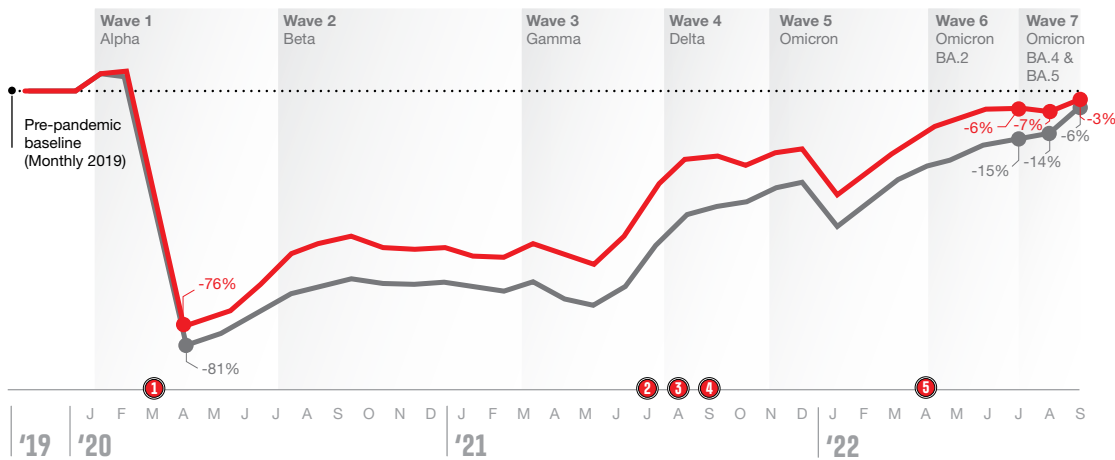
Following a slowdown associated with the spread of the Omicron variant, travel has been on the upswing since February 2022.

- Domestic
- International

#### Key dates for entry to Canada

- Border closed to all non-essential foreign travel
- Announcement of border reopening to US and international travellers
- Border open to US leisure travellers
- Border open to all other international leisure travellers
- Removal of pre-entry testing for fully vaccinated travellers

A composite index of air movement, land movement, spending and other sources

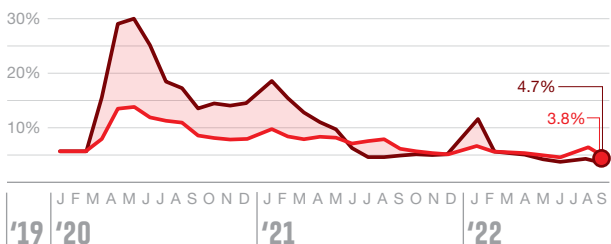


#### Tourism Employment

Source: Statistics Canada, Labour Force Survey, October 2022, via Tourism HR Canada (data extracted October 20, 2022), Statistics Canada tables 14-10-0326-01 and 14-10-0326-01

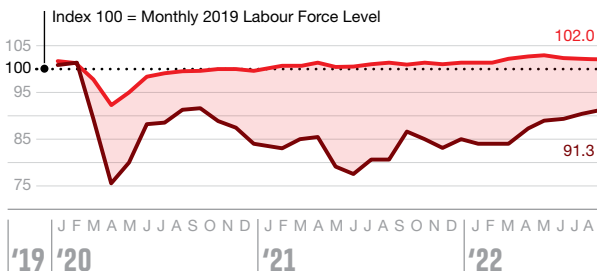
##### Unemployment Rate

Amid a competitive labour force in the Canadian economy, the unemployment rate stood at 4.7% in September 2022. Meanwhile, September unemployment in tourism stood at 3.8% and was lower than it was in September 2021.



##### Labour Force Active in the Canadian Economy

While the Canadian labour force expanded 2.0% over its pre-pandemic level by September 2022, the labour force active in the tourism sector remained 8.7% below pre-pandemic levels.



**Job Vacancy**

The tourism sector steadily added back over half a million jobs in 2021. The ability to fill these jobs hasn't kept pace.

**8.5% UNFILLED**

At the end of Q3 2022, 180,120 jobs in tourism remained unfilled; this equates to 8.5% of tourism jobs.

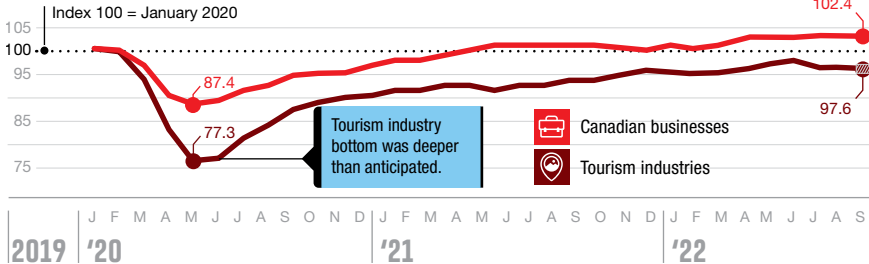
- Canadian economy
- Tourism industry

#### Active Business

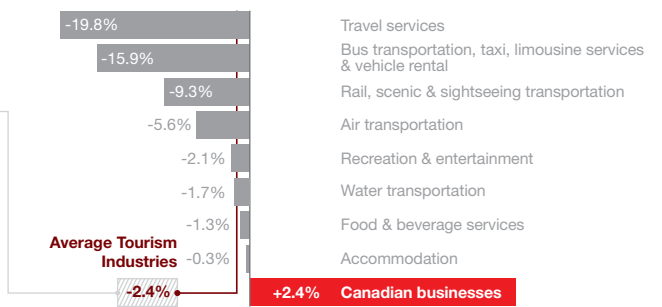
Source: Statistics Canada, Experimental estimates of business openings and closures for Canada (Table 14-10-0326-01 and 33-10-0270-01) (data released February 20, 2023)

Tourism industries faced the most significant declines in active businesses. While on the road to recovery, tourism has not kept pace with the recovery of the business sector and as of September 2022 remained 2.4% below pre-pandemic levels. Travel services and passenger transportation services remain the most fragile tourism sectors.

##### Monthly active businesses in Canada



Change in the number of businesses active in tourism industries 2022-September vs 2020-January



## TOURISM PERFORMANCE

### Travel Confidence and Intent

Source: Destination Canada COVID-19 Resident Sentiment, September 2022

**Domestic: Level of Welcome**  
Level of welcome towards visitors from all destinations have continued to increase in September compared to June. Welcome towards visitors from other parts of Canada has increased +5 percentage points, the US +8 points and other countries +9 points.



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### US: Travel Confidence and Intent

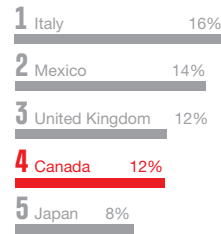
Source: Destination Analysts, The State of the American Traveller, September 15-25, 2022

#### Travel Confidence

**57%**  
SAFELY TRAVEL

After trending lower between April to August 2022, Americans' confidence in their ability to travel safely in September 2022 is back to the same level as March 2022, which is the highest level tracked during the pandemic

#### Most Desired Foreign Destinations (next 12 mos.)



#### Likely to Take a Trip to Canada (next 9 mos.)

**YES 32%**

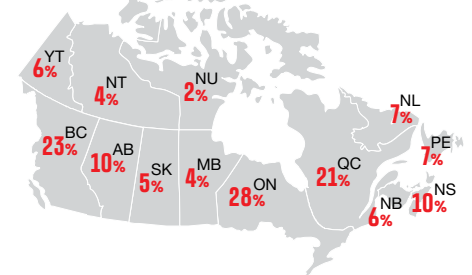
**NO 67%**

As of September 2022

#### Likely Month of Travel

2022/2023			
Mar	Apr	May	Jun
Jul	Aug	Sep	Oct
Nov	Dec	Jan	Feb
Mar	Apr	May	Jun

#### Likely Province to Visit

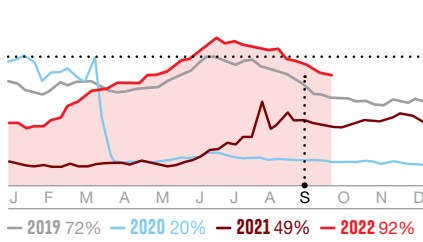


### Travel Considerations

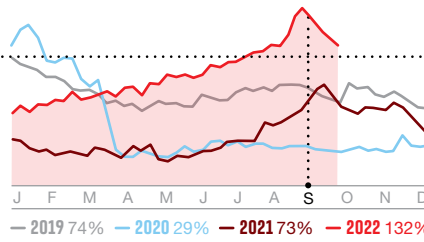
Source: DC Calculations based Destination Insights with Google, data extracted on October 13, 2022

#### Web Search Trends for Air & Accommodation to Canada

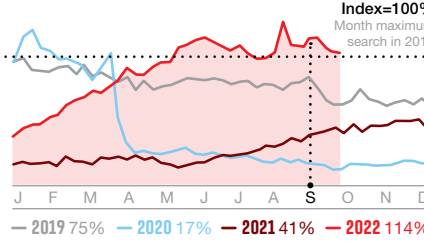
##### From United States



##### From Europe (includes UK, France & Germany)



##### From Asia-Pacific (includes Australia, Japan & South Korea)



Searches for Canada in the spring and summer months were higher than 2019 across all markets. Searches in the European and APAC markets have now surpassed the highest numbers of 2019.

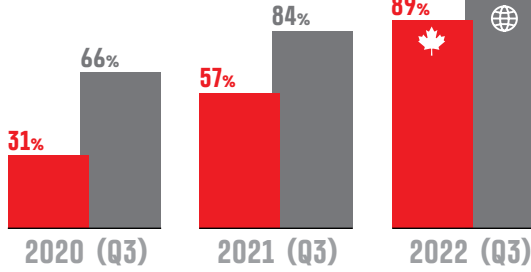
## TRAVEL CONNECTIVITY & BOOKINGS

### Air Connectivity

Source: International Air Transport Association, SRS Analyzer (data extracted Mar 11, 2023)

#### Global Domestic Flight Seat Capacity

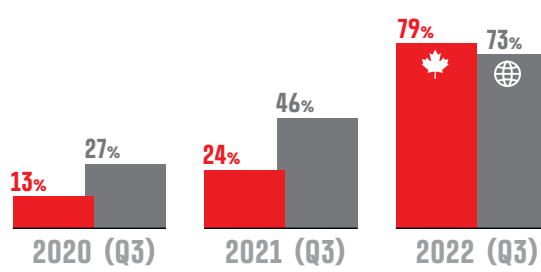
Pre-pandemic baseline (2019 Q3)



In Q3 2022, Canadian domestic air connectivity is at 89% of 2019 levels. Globally, the recovery pace of domestic routes in other countries is on average 7% points ahead of domestic route recovery in Canada.

#### Global Int'l Seat Capacity

Pre-pandemic baseline (2019 Q3)



In Q3 2022, Canadian international air connectivity is set to exceed the global international recovery pace for the second consecutive quarter, standing at 79% of 2019 levels.

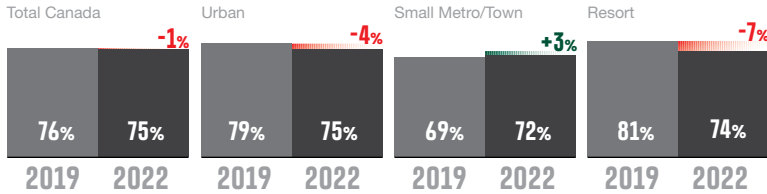
### Hotel Occupancy

Source: STR, date extracted on March 10, 2023

On average, occupancy rates in Q3 2022 are nearing pre-pandemic levels.

Small towns have exceeded their pre-pandemic levels.

#### Occupancy Rate Q3 Data



### Int'l Business Events Booking Pace

Source: Destination Canada's National Business Events Pace Report, September 30, 2022 dataset

International business events scheduled in Canada for 2022

**413**

International business events delegates/arrivals expected for 2022

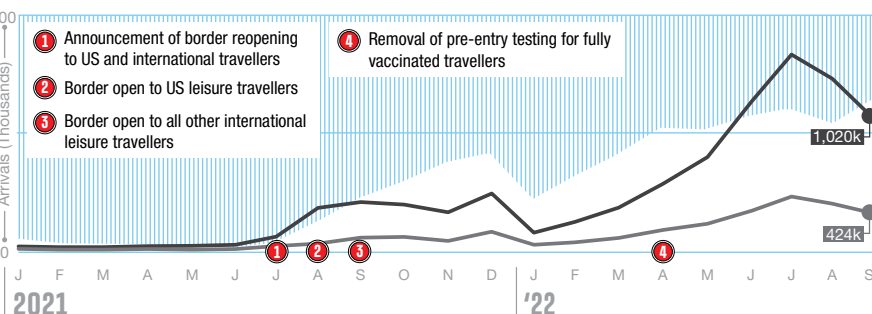
**295,234**

### Arrivals

Sources: Statistics Canada, Tables 24-10-0053-01, 24-10-0055-01

#### Monthly Arrivals of International Tourists in Canada

US International (non-US) Arrivals as a comparison to 2019



**54%**

As of September 2022, international arrivals stood at 54% of 2019 levels, with over 9.6 million visitors arriving in the first three quarters of the year. This included 6.8 million visitors from the US (56% of 2019) and 2.8 million visitors from overseas (49% of 2019).

#### Year to date arrivals, border counts

Mode	US	International	Total
Airplane	2,532,579 63% vs. 2019	2,481,107 53% vs. 2019	5,013,686 44% vs. 2019
Car	4,029,454 55% vs. 2019	307,084 36% vs. 2019	4,336,538 43% vs. 2019
Ship	264,011 34% vs. 2019	26,260 11% vs. 2019	290,271 46% vs. 2019
<b>Total</b>	<b>6,826,044</b> 56% vs. 2019	<b>2,814,451</b> 49% vs. 2019	<b>9,640,495</b> 54% vs. 2019